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**Testimony of AARP,
on S.B. 194, H.B. 5219, & S.B. 5235
Insurance and Real Estate Committee
February 25, 2010**

AARP is a nonprofit, non-partisan membership organization that serves people 50 and older. We have approximately 40 million members nationwide and over 600,000 in Connecticut. AARP is proud to support the health care reform proposals contained in S.B. 194, H.B. 5219, and H.B. 5235. We commend Chairmen Fontana and Crisco both for taking a strong leadership role in bringing crucial health insurance reform proposals before the Committee.

Private insurance options under the current health care system are deteriorating. Comprehensive health reform, if enacted, is likely to address many of the shortcomings of the current system for high-cost populations and AARP continues to work at the federal level to advocate for health insurance reforms that will protect guaranteed Medicare benefits, restrict “age-rating” for our members age 50-64, close the Medicare Part D “doughnut” hole and end abusive insurance practices. However, in the absence of such reforms, there continues to be a compelling and immediate public interest in increasing access to coverage and AARP commends the leadership of this Committee for continuing to move forward on state-based health care reform.

S. B. 194, AAC Rate Approvals for Individual Health Insurance Policies

AARP supports S.B. 194, which will provide better oversight for insurance rate requests. The bill establishes procedure for conducting a hearing prior to any rate approval for individual health insurance policies. S.B. 194 also allows the Attorney General and the Health Care Advocate to be parties in that proceeding. Additionally, the proposed legislation changes the standard by which health insurance premium increases will be measured. Under current law, the Insurance Commissioner may approve any rate increase that is “not excessive, inadequate or unfairly discriminatory.” However, S.B. 194 would require the Commissioner to approve a rate increase only if “reasonable,” as defined in section 2 of the bill. The “reasonable” standard should provide the Commissioner additional flexibility to reject or reduce a requested rate increase.

Just last summer, Anthem requested a 32% increase on individual policies in Connecticut. The proposal would have increased health insurance costs on approximately 56,000 Connecticut residents. Even under intense public pressure, the Insurance Department ultimately approved a significant 16-20% rate hike. Costly, unexpected rate hikes like these are especially problematic for older adults aged 50-64, who already struggle to find affordable health insurance.

Today, many Americans age 50-64 cannot find affordable coverage because insurers in most states, including Connecticut, charge much higher rates based on age. That is a key reason why 10.4% (or 70,405) Connecticut residents age 50-64 were uninsured in 2007 – a figure that is growing rapidly in our current difficult economy. Even those with insurance often struggle with high premiums and cost sharing obligations that can make health care unaffordable. Without strong procedures and consumer protections, the insurance industry can impose sudden and drastic increases for individual insurance policies, making them unaffordable to many more, older adults. AARP urges the Committee’s support of S.B. 194.

H. B. 5219,AA Extending State Continuation of Health Insurance Coverage

AARP also supports H.B. 5219; expanding COBRA coverage from 18 months to 30 months, as outlined in H.B. 5219, would extend periods of eligibility and would help provide affordable coverage to adults aged 50 to 64, or “prime age” adults, who have lost their jobs. The high unemployment rate and deteriorating job market has left many individuals without employer-based health care coverage. For older adults between the ages of 50 to 64, losing health care coverage is particularly devastating because insurance companies, in states like Connecticut, are allowed to charge older individuals several times more for the same insurance policy purchased by younger individuals. Although not yet eligible for Medicare coverage, prime age adults have reached a time when many chronic diseases, which require regular medical attention and can lead to catastrophic spending, begin to develop.

H.B. 5219 could reduce the premium costs for older individuals not yet qualified for Medicare because they would be pooled with lower-risk employees and have more affordable health care coverage than is otherwise available with an “age-rated” individual health insurance policy. Of course, this approach would be limited to the recently unemployed with prior employer-based insurance—a relatively small portion of the high-risk population—but for those individuals, especially those between the ages of 50 to 64, the COBRA extension could provide an affordable alternative to the individual health insurance market. AARP supports H.B. 5219 as an immediate step Connecticut can take to defray health insurance costs, particularly for older adults.

H. B. 5235 AAC Evidence of Noncoverage of Health Insurance

AARP supports H.B. 5235, which requires insurance companies to promptly notify customers in writing when a claim is denied based on the fact that the requested services is not a covered benefit under the individual’s health care policy. The notice required by H.B. 5235 would include the relevant provisions of the insurance policy and inform consumers of their right to contact the Office of the Health Care Advocate for help appealing the denial of coverage. H.B. 5235 is modeled after a California law that requires insurance companies to notify consumers in writing that a claim has been denied and to instruct consumers about their rights to an appeal. AARP believes that H.B. 5235 would provide consumers with important information about their rights to an appeal and empower them to make informed choices about their health care coverage. We support the legislation and urge its support.